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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

DOCKET FILE COPY ORIGINAL

3 NOV 1993

Dockets 222

PP No. 93-253 /

IN REPLY REFER TO:

CN9304031

NOV 4 '93

93-253

Honorable Don Nickles
United States Senate
713 Hart Senate Office Building
Washington, DC 20510

Dear Senator Nickles:

This responds to your letter of September 30, 1993, addressing the 2 GHz Personal Communications Services (PCS) proceeding, GEN Docket No. 90-314. Your constituent, Gary Kennedy, Chief Executive Officer of Panhandle Telecommunication Systems, Inc., expresses support for a PCS licensing structure that adopts MSA/RSA service areas and 20 megahertz blocks of spectrum and that permits small and rural telephone system participation.

On September 23, 1993, the Commission adopted final rules to govern PCS. The Commission allocated 120 megahertz of spectrum for licensed PCS and adopted licensing areas based upon Basic Trading Areas (BTAs) and Major Trading Areas (MTAs); 60 megahertz of spectrum were allocated for BTAs and 60 megahertz for MTAs. The allocation for MTAs is composed of two 30 megahertz frequency blocks, while the allocation for BTAs is composed of one 20 megahertz frequency block and four 10 megahertz frequency blocks. The Commission recognized the support for MSA/RSA service areas, however, it concluded that using MSA/RSA service areas likely would result in unnecessary fragmentation of natural markets. MTAs and BTAs were designed by Rand McNally based on the natural flow of commerce. Further, the existing cellular service has demonstrated a great amount of consolidation of MSA/RSA markets into larger service areas.

In a companion Notice of Proposed Rule Making implementing competitive bidding authority, PP Docket No. 93-253, the Commission proposes to award PCS licenses by competitive bidding. The Commission also proposed licensing preferences in one 20 megahertz and one 10 megahertz frequency block within the allocation for BTAs for rural telephone companies, small businesses, and businesses owned by minorities and women.

Honorable Don Nickles

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The Commission's decisions addressing PCS are designed to foster competition among PCS providers and between PCS providers and cellular radio operators and to ensure expeditious provision of PCS in both urban and rural areas. I am enclosing the press releases for the dockets addressed above that more fully describe the Commission's actions.

Sincerely,

A handwritten signature in cursive script that reads "Bruce Franca".

for Thomas P. Stanley
Chief Engineer

Enclosures

DON NICKLES
OKLAHOMA

United States Senate
WASHINGTON, DC 20510-3802

COMMITTEES:
APPROPRIATIONS
BUDGET
ENERGY AND NATURAL
RESOURCES

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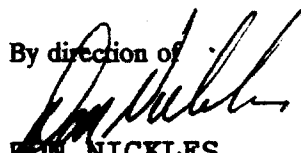
September 30, 1993

Respectfully referred to

Federal Communications Commission

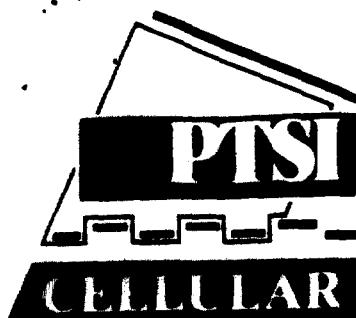
for such consideration as the communication herewith submitted may warrant, and for a report thereon, in duplicate to accompany return of enclosure.

By direction of



DON NICKLES
U.S. Senator

Please reply to Michelle Purser of my staff.



PANHANDLE TELECOMMUNICATION SYSTEMS, INC.
A Wholly Owned Subsidiary of PANHANDLE TELEPHONE COOPERATIVE, INC.

GARY KENNEDY
Chief Executive Officer

September 3, 1993

The Honorable Don Nickles
United States Senate
713 Hart Senate Office Building
Washington, DC 20510


Dear Senator Nickles:

I am writing to you on behalf of PTSI Cellular and Panhandle Telephone Cooperative, Inc. regarding the Personal Communications Services (PCS) docket currently pending before the Federal Communications Commission (FCC). Personal communications is an advanced wireless telecommunications service that will allow a person to be reached anytime, anywhere. This new technology could potentially generate significant revenue in our area. I urge you to take action to ensure that rural Oklahoma is not inadvertently disadvantaged or left behind in the development of telecommunications infrastructure. In this regard, it is critical that the rules which the FCC ultimately adopts to license PCS encourage participation by the rural telecommunications providers who have demonstrated a continued commitment to providing rural Oklahoma with advanced telecommunications services.

Our experience building cellular networks in rural Oklahoma demonstrates the ability of small, rural telephone companies to quickly provide new advanced technological service to rural areas. In just four years, following the issuance of the first rural service area (RSA) authorization, cellular service has been implemented in each of the RSAs in Oklahoma. PTSI Cellular, which is affiliated with Panhandle Telephone Cooperative, Inc., is committed to providing your constituents with new and advanced telecommunications services. Your constituents must not be overlooked when determining the methods used to allocate PCS licenses.

To maximize benefits to consumers and encourage the participation of all small and large players in the PCS market, we would like you to tell the FCC to design a licensing structure consisting of

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multiple licenses, small licensing areas and small blocks of spectrum. Service areas consisting of Metropolitan Statistical Areas/Rural Service Areas rather than Rand McNally's Major Trading Areas/Basic Trading Areas and 20 MHz blocks of spectrum will make it possible for rural telecommunications service providers to provide PCS to your constituents in RSA 1* in the Oklahoma Panhandle. This structure will encourage and facilitate the participation of rural telecommunication service providers like us who have demonstrated a commitment to rural areas. Participation by rural providers will serve the public interest by ensuring that areas will be served even though they may not be considered "cream markets" by potential licensees bidding for a larger service area that encompasses less lucrative rural markets in Oklahoma.

Much like the MSA/RSA structure that prompted the rapid roll-out of service in the cellular markets, a structure employing similar principles would produce similar benefits for the PCS market. Smaller markets would increase competition and encourage companies to participate directly in the auction process. Participation by rural telecommunications companies would produce new job opportunities and an expanded infrastructure in rural areas, each of which benefit your constituents. Additionally, participation in auctions by a larger number of companies would likely yield higher revenues and allow for a greater reduction in the federal deficit.

Small niche markets are often ignored by bigger telecommunications firms. These markets would also be better served by local companies, which are acquainted with the needs of the local consumers. History has shown that these markets would not receive service under a national or regional license structure.


The FCC's auction authority, outlined in the Omnibus Budget Reconciliation Act of 1993, includes guidelines for the FCC to design the auction so that rural telephone companies can participate effectively and independently for PCS licenses. Additionally, the Small Business Administration filed comments earlier this year recommending smaller markets that would tailor service and promote competition.

Please tell the FCC to adopt measures that will ensure the participation of rural telecommunications providers so that your constituents will be assured of receiving these advanced telecommunications services.

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I welcome the opportunity to further discuss these issues with you and your staff.

Respectfully,


for Gary Kennedy
Chief Executive Officer

GK:ch

*There are 728 MSAs/RSAs covering the United States. The same area is only covered by 47 MTAs. These 47 MTAs are made up of 487 BTAs.